

Office of Missouri Attorney General
Jeremiah W. (Jay) Nixon



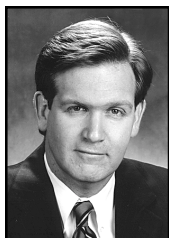
MISSOURI **CONSUMER FRAUD** GUIDE



**Attorney General
Jay Nixon**

encourages
Missourians
to know the facts
and the law.
“You will make
better decisions
when you shop for
cars, loans and other
items, rent or buy
homes, navigate the
Internet, and resolve
complaints about
products and
offers.”

Guide will help you recognize, fight fraud



AS ATTORNEY GENERAL, one of my most important responsibilities is to protect consumers' rights. My office is pursuing this goal through aggressive enforcement of Missouri's Fair Merchandising Practices law and continued expansion of our consumer education programs.

The Missouri Consumer Fraud Guide is filled with tips and ideas on how you can recognize fraud, protect yourself and shut down con artists.

This information as well as action taken against dishonest operators also can be found on our Web site, **www.moago.org**.

Learn the facts and fight back.

Sincerely,

A handwritten signature in black ink that reads "Jay Nixon". The signature is fluid and cursive, with the first and last names clearly legible.

Jeremiah W. (Jay) Nixon
Attorney General of Missouri

"If you have been defrauded, you can file a consumer complaint form found at www.moago.org or call our Consumer Protection Hotline at 800-392-8222."

**Attorney
General
Nixon**



The Missouri Office of the Attorney General is an equal opportunity employer.

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www.moago.org

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CONSUMER RULE

If an offer sounds too good to be true, it probably is.

KNOW A STORE'S REFUND POLICY

Stores set their own policies on refunds. Missouri has no law on refund policies.

SEPARATE

Fact from fraud

CONSUMERS may have misconceptions about consumer laws. Knowing the facts can ward off expensive mistakes.

MYTH 1 There is a three-day “cooling off” period after any major purchase in which you can cancel.

FACT: Under Missouri law, the three-day rule applies only to **credit** transactions and **only** if a solicitor presents the contract in your home.

MYTH 2 The Lemon Law protects you on all big-ticket purchases, including used cars.

FACT: Missouri’s Lemon Law applies only to new motor vehicles and demonstrators or lease-purchase vehicles that are given a warranty as a condition of sale.

MYTH 3 If a landlord fails to make needed repairs, a tenant can withhold rent until the repairs are done or deduct the cost to get the repairs done by someone else.

FACT: A landlord can legally evict a tenant who fails to pay rent, even if the money is spent on repairs.

MYTH 4 A professional-looking Web site is a good indicator that a business is legitimate.

FACT: Anyone can set up shop on the Internet. Ask unfamiliar companies to send a catalog or brochure and their physical address.

MYTH 5 Never pay by credit card on the Internet.

FACT: Paying by credit will protect your transaction under the Fair Credit Billing Act, which gives you the right to dispute charges under some circumstances and temporarily withhold payment.

MYTH 6 If a bank or credit-card company calls to verify your credit-card number, it is OK to give that information.

FACT: They already have that information. Never give your credit-card, Social Security or checking-account numbers to strangers.

MYTH 7 Your credit report is private unless you authorize someone to review it.

FACT: Potential employers, landlords, insurers and others may look at your report. Many do.

Auto issues

BUYING A CAR is a big step, and a mistake can be costly. There is no state law allowing a buyer to return a car and get a full or partial refund.

BUYERS GUIDE

One of the most important things to notice is the Buyers Guide. By law, dealers must display this guide in the window of each used car. The guide shows the vehicle make, model, year and identification number.

The guide also has a section where “warranty” or “as is — no warranty” is checked.

Warranty: The dealer promises to pay some or all of the costs of car repairs needed within the warranty period. There are two choices: “full warranty” or “limited warranty.”

✓ **Full warranty:** The dealer provides free service during the warranty period. However, the dealer may specify which systems are covered.

✓ **Limited warranty:** The buyer pays for part of the repairs. The dealer puts in writing what percent he will pay, list the systems covered and for how long (days or miles).

As is — no warranty: The buyer pays for repairs. Have a mechanic check the car before buying. Most cars sold privately through individuals are sold “as is.”

REPAIR

Car repair is one of the top consumer complaints made to the Attorney General’s Office. Most complaints involve overcharging, poor work and deceptive repair practices. Here’s how to avoid many problems:

- Check out a shop’s reputation.
- Be specific in describing the problem to the mechanic.
- Get in writing how much the job should cost. And, tell the mechanic to call for an OK before making any repairs not covered in the repair estimate.



PUT IT ON PAPER

If repair work is guaranteed, get it in writing.

- Get a second opinion if you think the mechanic wants to do unnecessary work.
- If the mechanic says parts must be replaced, ask that the old parts be returned. Have this in writing on the repair order before work begins.
- If the work is guaranteed — get it in writing.

LEMON LAW

The Lemon Law protects new-vehicle buyers by enforcing the manufacturer's expressed warranty. Also included are demonstrators, or lease-purchase vehicles if a manufacturer's warranty was issued as a condition of the sale. Exempt are commercial and off-road vehicles, mopeds, motorcycles and the non-chassis portion of recreational vehicles. The law applies while the vehicle is under the manufacturer's expressed warranty or up to one year after the date of delivery, whichever expires first.

A vehicle may be a "lemon" if:

- It has been in the repair shop for the same problem four or more times without correction.
- It has been out of service for 30 or more working days since delivery.

Owners must report problems or defects in writing to the manufacturer. The manufacturer is allowed a "reasonable number of attempts" to correct the problem.

If the problem can't be fixed in a reasonable number of attempts, the manufacturer can offer a cash refund or a vehicle of comparable value. Dealers can deduct a "reasonable allowance" for customer use of the vehicle if a refund is given.

If the manufacturer disagrees that you have a lemon, you can submit a complaint according to the manufacturer's informal dispute settlement procedure. The address and phone number of the manufacturer's consumer appeals or arbitration center are in the owner's manual. During this process the manufacturer may offer a settlement. You then must decide whether to accept the offer or go to court under the Lemon Law to pursue a refund.

Home issues



Put all agreements with your landlord in writing to avoid later disputes.

Landlord-Tenant Law

Disputes between landlords and tenants are common but may be avoided when the landlord and tenant both know the law. Missouri law:

- Makes it illegal for a landlord to shut off utilities, unless it is for health and safety reasons.
- Requires landlords to give 60 days' notice before ending leases for mobile home lots.
- Allows landlords to double rent if a renter lets another person take over the premises without the landlord's permission.
- Allows only two persons per bedroom, except for children born during the lease period.
- Allows county courts to order quick removal of renters involved in criminal activity, even without a conviction.

THE LEASE

An agreement to rent for one year or more must be in writing and signed by the tenant and landlord. It then becomes a legal contract. If either the landlord or tenant does not fulfill the terms of the lease, that person can be sued.

The best way to avoid later problems is to make sure the lease you sign is clear about your responsibilities and the landlord's. Put in **writing** who has to mow the lawn, fix a clogged sink or pay the utility bills.

Before signing a lease, you should:

- Read the entire lease and ask questions. Once you sign, you cannot get out of a lease just because you didn't understand it.
- Ask the landlord to change a lease requirement if you don't agree with it, but make sure that change is put in writing. The landlord has the right to refuse.

If changes are made, the landlord and tenant should put their initials by the written change. This shows that both agree to the change.

LIMITED SECURITY DEPOSIT

A landlord cannot require more than two months' rent as a security deposit.

Before you move in, make and keep a list of any damages or repairs that need to be made. Give a copy to the landlord and attach a copy to your lease. This will ensure sure your security deposit is not withheld to repair damage you did not do.

ORAL AGREEMENTS (NO LEASE)

An oral agreement is only good for one month. A landlord can evict a tenant or raise rent with only one month's written notice. Likewise, a tenant must give one month's **written** notice to end financial obligations to a landlord. Just telling the landlord or tenant is not legal.

SECURITY DEPOSIT

- A landlord cannot require more than two months' rent as a security deposit.
- At the end of the lease, the landlord has 30 days to return the deposit. A landlord may keep all or part of the deposit for repair of damages, unpaid rent or lost rent because the tenant moved without adequate notice. If damages are claimed, the landlord must provide a list of damages to be paid from the deposit.
- A landlord must notify the tenant of the time and date when a move-out inspection will be done.
- The tenant has the right to be present during the inspection, which must be conducted during regular business hours.
- A tenant may not use the security deposit to pay for the last month's rent.
- If a landlord wrongfully withholds all or part of a deposit, the tenant may sue to recover up to twice the amount withheld.

REPAIRS

- A lease should state which repairs are the landlord's responsibility and which are the tenant's.
- The landlord should make repairs caused by wear and tear and natural forces such as the weather.
- Tenants should pay for damages that they or a guest cause.
- A tenant cannot legally withhold rent payments until repairs are completed. Withholding rent can get you evicted.
- If a home becomes unsafe, the tenant should contact local health or housing authorities.



BASIC LEASE TERMS

The lease should include:

- Landlord's name, address and phone number.
- Address of rental property.
- Amount of monthly rent.
- Amount of security deposit and conditions for its return.

EVICITION

A landlord cannot evict a tenant without a court order. The landlord may begin eviction proceedings if a tenant:

- Damages property.
- Fails to pay rent.
- Violates terms of the lease.
- Injures the landlord or another tenant.
- Allows drug-related criminal activity on the premises.
- Fails to move when the lease is up.

The tenant will receive notice if an eviction lawsuit has been filed and will have the chance to be heard in court before any eviction.

DISCRIMINATION

Landlords cannot refuse to sell, rent, sublease, charge higher rent or falsely state that housing is not available based on a renter's race, color, religion, sex, disability, national origin or family relationships.

If you believe you have been a victim of discrimination you may contact:

Missouri Human Rights Commission: toll-free 877-781-4236

Jefferson City area: 573-751-3325

St. Louis area: 314-340-7590

Kansas City area: 816-889-5100

Sikeston area: 573-472-5320

U.S. Department of Housing and Urban Development

Housing discrimination hot line: 800-669-9777

HOME INSPECTION

Beware of anyone offering free home inspections.

Home issues

Home repair fraud

Home repair and improvement scams are among the top complaints made to the Attorney General's Office.

A common complaint involves an asphalt scheme where workers offer to use leftover asphalt from an earlier job to repave your driveway. Workers usually start the job and then say it will cost hundreds or thousands more to complete it. Or they will just lay black paint and leave town with your money.

Another complaint involves unseen foundation and attic work. Recommended repairs often are worthless and overpriced.

This breed of con artists called "gypsies" often target seniors because half of all seniors own homes, many of which are older and may need repair. These con artists usually ask for a large down payment before beginning work and may even go to the bank with the consumer to withdraw money.

Con artists also may claim to be city building or health inspectors there to check the furnace. Once inside, they cause damage or claim a health or safety threat exists and demand money for immediate repairs.

Beware of anyone offering free home inspections. Get a second opinion before signing a contract or starting repair work.

Con artists also may use repair come-ons to enter your home. They usually work in groups. One will distract you with a bogus furnace inspection while others burglarize your home.

Tips to avoid con artists

- ✓ Always check workers' credentials.
- ✓ Never let anyone into your home without identification. If in doubt, call the company to verify the workers' identity. Get an address and phone number for self-employed workers.
- ✓ If work is needed, ask for a written estimate and tell the workers you'll contact them. Then get a second opinion and written estimates from one or two local firms.
- ✓ Get all guarantees in writing. Get references and call them.
- ✓ Remember, if an offer is good "now or never," you can bet it never will be good.
- ✓ If you encounter a suspected home repair gypsy, say "no," close your door and call local police immediately.

Door-to-door sales

Door-to-door sellers sometimes use high-pressure or scare tactics and may misrepresent the quality and value of products. Criminals may even pose as salespersons to enter your home.

To avoid being a victim:

- Ask for proper identification before listening to a sales pitch or allowing a salesperson to enter your home.
- Don't fall for the "sympathy" approach. Sellers may say they are working their way through college or use other lines.
- Do not let yourself be hurried, intimidated or coerced.
- If you are interested in a product, get everything in writing including price, warranty and all conditions. Tell the salesperson you will get back to him.
- Be wary of offers that include "referral sales." This is an offer to pay you or give a discount if you provide the names of friends who may buy the product.

Canceling an agreement

State law gives you the right to cancel any credit (not cash) contract within **three business days** (excluding weekends and legal holidays) if the seller personally solicited and presented the contract in your home.

Salespersons must advise you of this right and acknowledge it in the contract. If you cancel, the notice must be in writing.

The seller must return any payment or trade-in goods within 10 days after notification of cancellation, and must mark the contract "canceled."

The seller must pay postage if you are asked to return merchandise. The buyer may keep any item the seller does not request returned within 20 days of the contract's cancellation.

Cancellation cannot be made when:

- The buyer requested the goods or services without delay due to an emergency.
- The dealer in good faith made a substantial start toward fulfilling the agreement before notice of cancellation was given.
- The goods cannot be returned to the seller in "substantially" as good a condition as when received by the buyer.



HOME CREDIT SALES

You have the right to cancel any credit (not cash) contract within **three business days** if the seller solicited and presented the contract in your home.

**DON'T
COMMIT** to
charitable
giving over
the phone.
Ask for
written
information.

Charitable solicitations

Most charitable organizations use money wisely; some, however, spend the majority of donations on salaries, administrative costs and professional fund-raisers. When professional fund-raisers are used, they, not the charities, sometimes keep most of the donations.

Most charitable groups must register with the Attorney General's Office and file annual reports showing how donations are used. Some charities such as religious organizations and educational institutions are exempt.

Questions to ask when charities call:

- Does the caller work for a professional fund-raiser? The law requires that this be disclosed.
- How will the contribution be spent?
- What percent goes for administrative costs?

Tips

- ✓ Don't judge a charity by its name. False charities may use names that closely resemble legitimate charities.
- ✓ Don't let callers play on your sympathy by identifying their organization with law enforcement, firefighters, veterans groups or needy children. This can be a tactic to get your money.
- ✓ Don't be pressured.
- ✓ Don't commit over the phone. Ask for written information.
- ✓ Avoid cash donations and make checks payable to the organization, not to an individual.
- ✓ Be careful about letting solicitors into your home.

Phone issues



CUT OFF CALLS

To reduce unwanted calls, join the Missouri No Call List: Click www.moago.org or call toll-free 1-866-662-2551.

To further reduce calls, ask telemarketers to place you on their own no-call lists. They can't legally call you for a year under federal law.

Telemarketing fraud

Criminals have found an easy way to get into your home and into your pocket — the telephone. Con artists are cheating consumers out of over \$40 billion a year by offering phony prizes, cheap products and using high-pressure sales tactics by phone. Don't be caught off guard.

- **Free is free.** If you are told you have won a great prize but you must pay an upfront fee, shipping charge or taxes — forget about it. That prize will not be worth the money sent to claim it.
- **Hang up on offers** to buy tickets in foreign lotteries. It is a violation of U.S. law to buy lottery tickets by phone or mail.
- **Don't be pressured** into acting if you are told an offer is good "today and today only."
- **Watch out** when someone asks for your credit-card, bank account or Social Security number. This is personal information that can be misused by dishonest people.
- **Ask for written information.** A legitimate company will be glad to send information. Don't do business over the phone with strangers.

How telemarketers get your name:

- Contest entry forms and rebate checks. Always read the small print.
- "Sucker lists" that contain names of consumers who have responded to past telemarketing pitches. These lists are bought and sold by promoters.
- Advertisements. Responding to a TV, newspaper or magazine ad may get your name on a telemarketing list.

Know the federal law when dealing with telemarketers

- It is illegal for telemarketers to call within a year if you have asked to be put on their no-call lists.
- Calls can be made only between 8 a.m. and 9 p.m.
- Before making a pitch, telemarketers must tell you it's a sales call, the seller's name and what is being sold.

**CALLER
MUST
IDENTIFY
SELF**

Within the first 30 seconds of calling, a telemarketer must identify himself and his company, explain the purpose of the call and clearly describe what he is selling.

- It is illegal for telemarketers to misrepresent information.
- Telemarketers must reveal total cost of goods, restrictions on getting or using them and if a sale is final or nonrefundable.
- It is illegal for telemarketers to withdraw money from your checking account without your express, verifiable authorization.
- State law enforcement officers can prosecute fraudulent telemarketers operating across state lines.

SLAMMING AND CRAMMING

- **Slamming** occurs when your long-distance phone service is switched to a different provider without your knowledge. Although consent to switch must be obtained, some telemarketers have found ways to trick consumers into authorizing their service without realizing it. If you have been slammed, ask your local phone company to immediately switch you back to your preferred carrier, and remove all of the slammer's charges or at least "re-rate" them.
- **Cramming** is the addition of unordered services such as calling cards, voice mail or personal 800 numbers on your phone bill. If you are unclear about charges on your bill, contact your local telephone service provider. Request that all unwanted services and charges be removed.

Tips to avoid being slammed, crammed

- ✓ Read the small print. Know what you're signing, especially on contest and sweepstakes entry forms at fairs and festivals and "bonus checks" received in the mail
- ✓ Carefully review your monthly phone bill. Make sure your requested long-distance carrier is still on the bill.
- ✓ Be careful about answering "yes" or "no" when phoned about switching your long-distance service. You could be recorded as agreeing to a switch.

Join the
**NO
CALL
TEAM**

Tired of telemarketers?

Missourians who want to reduce the number of telemarketing calls at home can sign up for the Attorney General's No Call list by Internet or phone. Registration is quick, simple and free. Consumers also can report telemarketers violating the No Call law (some telemarketers are exempt).

To sign up for the next No Call list or report violators:

Click www.moago.org

or

Call toll-free 1-866-NOCALL1

900 NUMBERS

Beware of employment or other advertisements asking you to call "900" phone numbers. Calls to "900" numbers are **not free**. You may be charged an expensive flat fee or per-minute charge.

HOW TO IDENTIFY A PYRAMID SCHEME

If most of your money is made by recruiting rather than selling a product, then this is an illegal pyramid.

Solicitation issues

BANK EXAMINER SCHEME

Con artists may call posing as FBI agents, bank examiners, police officers, detectives or bank officials. They call pretending to need your help to conduct an investigation.

As a valued bank customer or upstanding citizen, you are asked to withdraw your money and hand it over. They promise to redeposit or return your money after completing their investigation. You are cautioned not to tell anyone. Then, they disappear with your money.

Remember:

- No financial institution or government agency ever uses customers to conduct internal investigations.
- Trust only people you know. Do not trust someone because he or she has a friendly voice or appears to be an authoritative figure.
- Talk to a law enforcement officer or your banker before withdrawing large sums of money at someone else's suggestion.

THIEF IN THE MAILBOX

Reaching you through the mail is another way con artists get your money.

- Don't fall for **letters** that look official, urgent or are in an envelope that looks like an important telegram. Con artists use this gimmick to get attention or look legitimate.
- Beware of **pyramid schemes** and chain letters. These solicitations offer a "get-rich-quick" scheme promising little work, few or no "sales" of products, and big money when you recruit others to join the same program.

Pyramid schemes may be disguised as multilevel marketing organizations. Beware of plans that ask new distributors to buy expensive inventory or claim you will make money through continued growth of your "downline." If most of your money is made by recruiting, rather than selling a product, this is an illegal pyramid.



“Giving networks” require a contribution to the person at the top of the pyramid then recruitment of members who also make contributions. These schemes are illegal and always fail.

SWEEPSTAKES, CONTESTS

Deceptive sweepstakes are common. Many mailings are designed to make you believe you are a grand prize winner. Mailings may look like telegrams or be stamped “personal and confidential and “to be opened by addressee only.”

You may receive an “official notification” with “congratulations, you’re a winner” in big, bold type, only to be followed with a disclaimer in small print “if you have the winning number.”

Although it is illegal to require a purchase to enter a contest or sweepstakes, promoters know that if consumers are convinced they have won a big prize they are more likely to spend money for magazines, cheap jewelry or other merchandise. Some consumers even lose their life savings ordering products they believe will increase their chances of winning.

Sometimes prizes are used as bait to attract customers to sales meetings for property or **vacation timesharing**. Consumers may travel a long distance and sit through a lengthy, high-pressure sales pitch, only to leave with a cheap prize. Worse yet, they may have signed a contract for an expensive vacation property they do not want or cannot afford.

Read the small print when signing sweepstakes forms. You may be putting your name on a timeshare calling list.

TRAVEL OFFERS

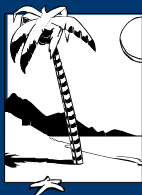
If you receive a phone call or postcard offering a free vacation, beware. No business is in the business of giving away free vacations to strangers.

In most cases, consumers are required to call for more details or to “claim” a free vacation. Consumers may be told they will be mailed a package detailing the vacation, but a credit-card number is needed to cover a small service charge if they accept the vacation.

The consumers are assured their accounts will not be billed unless they accept. This promise usually proves false and their

NO PURCHASE REQUIRED

It is illegal for a company to require a purchase to enter a contest or sweepstakes.



DON'T GET STRANDED

Get in writing all items included in a vacation package such as lodging, meals and transportation.

credit cards are billed for hundreds of dollars.

Another “dream vacation” offered at an incredibly low cost requires that a second vacation be purchased at “regular price,” which is much higher than those bought from a reputable travel agency.

Sometimes “free” vacations do not include meals, taxes, deposits or surcharges.

In another scam, consumers must pay hundreds of dollars to join a travel club to claim a “free” vacation. The problem? When the consumer selects a vacation date, it always is unavailable or booked.

Tips to avoid trips to nowhere

- ✓ Be cautious of firms that ask you to pay before confirming reservations. Most reputable travel agents will confirm before payment.
- ✓ Deal with an established firm. If a firm is unfamiliar, check with relatives, friends or the Better Business Bureau.
- ✓ Request written information for total cost and all items included. Any transportation, lodging, meals or other items not specifically mentioned may not be included.
- ✓ Ask about the right to cancel or you could end up paying for a trip you never take. Also ask about cancellation insurance.
- ✓ Be wary of vacation offers that are “good today only.”

Business, credit issues

OLD SCHEME
Work-at-home schemes are one of the oldest kinds of classified advertising fraud.

WORK-AT-HOME SCHEMES

Check out promises by those offering pay for work done at home, especially if you are asked to send upfront money. You probably will never make any money or even regain the money sent for supplies or materials.

Common scams

- **Envelope-stuffing:** For \$20 you get instructions on how to place the same ad in other newspapers to trick others into sending you \$20.
- **Assembly or craft work:** You buy supplies and make items that the company agrees to buy but doesn't.
- **Proofreading:** In exchange for a fee you pay, you are promised books to proofread. The books are not provided.
- **Medical billing:** For several thousand dollars you are promised software, training and technical support that will bring you huge earnings using your computer to process claims for doctors and dentists. Promoters falsely promise to provide customers and experienced sales staff to assist you. Few consumers recover their investment.

INVESTMENTS

Beware of promises of risk-free investments with huge financial returns. No legitimate promoter will make such claims. Con artists, using scripts, may try to convince you that if you do not act quickly you will miss out on a once-in-a-lifetime opportunity and encourage you to send money by overnight courier or wire transfer. Once the money is sent, you never will hear from the salesperson.

Tips to avoid scams

- ✓ Be skeptical of any unsolicited phone calls about investments.
- ✓ Check out the company with the Securities Division of the Secretary of State's Office, 800-721-7996 or 573-751-4136. All securities brokers and securities sold in Missouri (unless exempted by statute) must be registered.

INVESTING IS RISKY BUSINESS

Invest only what you can afford to lose.

- ✓ Verify that the brokerage firm is registered with the commissioner of securities. Most firms that trade commodities also are required to register with the Commodity Futures Trading Commission. Registration, however, does not ensure that a firm is honest. It means you can check on any past or present legal actions pending against the company.
- ✓ Make sure the broker's address and phone number match the company for which the salesperson claims to work. Make checks payable to the company, not the broker.
- ✓ Ask the firm to send literature about the firm. Don't be swayed by glossy brochures some con artists produce. Also, ask for a written proposal describing conditions of the contract and a form outlining the investment risks.
- ✓ Ask the phone solicitor to explain the investment to your lawyer or accountant, even if you don't have one. This may provide a tip-off. A legitimate broker will not object, while a con artist will make an excuse.
- ✓ Don't do business with a faceless person over the phone. Arrange for a meeting at the broker's or your attorney's office. Ask a third party to attend.

PIGEON DROP SCAM

Swindlers work in pairs or in teams. One befriends an unsuspecting consumer, the "pigeon," while the other approaches them with money or valuables he claims to have just found.

After some rehearsed conversation, the con artists agree to split the money with you and arrange to meet at a lawyer's office or another location.

But can they trust you to hold the money, they ask.

To prove yourself trustworthy, you must put up "good faith" money that they say they will return after the goods are divided. When you go to meet them, the pair is long gone with your money. You are left holding counterfeit "valuables."

High-interest and bogus loans, credit scams

ADVANCE-FEE LOAN

This scam differs from legitimate credit offers — it guarantees a loan regardless of credit history and requires upfront payments, before the lender is identified and the application is completed.

Advertisements promising this loan generally appear in the classified section of newspapers and magazines and on the Internet.

HOME EQUITY LOAN

The first step in a home equity loan scheme is for a con artist to get the owner to sign a first, second or third mortgage. This often is not difficult because only the homeowner's signature is required. The loan documents, including the mortgage, are written in fine print and many homeowners have no idea what they are signing.

Loan terms are usually incredibly unfavorable to the consumer, with enormous upfront costs and high interest rates that may exceed 50 percent. They frequently are coupled with a balloon payment due in a few years.

The unscrupulous lender cannot lose. If the consumer pays off the note, the creditor makes a tremendous profit. If the consumer defaults, the lender forecloses and immediately recoups the loan amount plus points and fees paid up front, and gains the opportunity to buy the home at a fraction of its real value.

Federal law allows you **three days** to cancel most home equity loan contracts.

PAYDAY LOAN

Payday loans are intended to be paid back with your next paycheck. However, the interest rates are very high and you may end up paying a lot of money for the loan.

RIGHT TO CANCEL

Federal law allows you three days to cancel most home equity loan contracts. You must notify the lender in writing about the cancellation.

NO QUICK FIX

No company can repair a poor credit history. Only time, effort and debt repayment can fix your credit.



TITLE LOAN

Title loans may seem like an easy way to get extra money, but beware. You are getting the loan based on the equity, or money value, of your car. If you can't repay the loan, then you lose your car.

LOAN FROM PAWNBROKER

Pawnbrokers lend money in exchange for collateral, but not for its full value. If you fail to repay the loan, you lose your property and the pawnbroker can sell it.

Under Missouri law, pawnbrokers:

- Cannot charge more than 2 percent interest per month, plus any storage fees.
- Can lend money for only 30 days at a time. The loan can be extended if you and the pawnbroker agree.
- Cannot sell your property until 60 days after the date your loan repayment was due. You still can pay off your loan during this time with additional interest.

Credit-card scam

Don't fall for credit-card offers that:

- Require you to call a "900" phone number. You call, you pay.
- Advertise that poor credit history is no problem.
- Require application or processing fees before you get a card.
- Require a deposit that exceeds your charge limit.

CREDIT REPAIR

There is no quick fix. Companies that advertise credit repair are selling worthless services. They also may be encouraging you to violate federal law by lying on a loan or credit application, misrepresenting your Social Security number or getting an employer identification number from the Internal Revenue Service under false pretenses.

Regardless of scam artists' claims, you cannot change true information on your report.

Insurance, funeral issues

MEDICARE SUPPLEMENTAL INSURANCE FRAUD

If you think you need Medicare supplemental insurance, the most important thing to remember is you probably only need one supplemental policy. If you have more than one policy, take them to someone you trust who can tell you which one to keep. Then, get rid of any unnecessary policies.

What you should know:

- Social Security or Medicare representatives rarely visit homes. If someone claims to represent Social Security or Medicare, ask for identification and call the local office for verification.
- The law requires Medicare supplement insurers to provide a buyers guide.
- You can cancel a supplemental policy within 30 days of receiving it and get a refund.

Tips to protect yourself

- Don't be pressured. Think over your decision. Be suspicious of any agent who claims a policy can be offered only once.
- Pay only by check. Make checks payable to the company, not the agent.
- Get a signed receipt on insurance company stationery.

LONG-TERM CARE INSURANCE

Some companies prey on seniors, trying to sell more insurance than is needed or policies that aren't beneficial. Here are some tips to use when considering a long-term care policy:

- Don't be pressured into a quick decision.
- Compare choices and ask questions.
- Know exactly what the policy does and does not cover.
- Know how much and for how long you can receive benefits.
- Check on the financial stability of the company.
- Don't buy more than one policy.
- Never pay in cash.

REPORT FRAUD

Contact the
Missouri
Department
of
Insurance
Consumer
Hotline
about
insurance
fraud or
other
complaints:
800-726-
7390.

**FUNERAL
COSTS**

Funeral providers must give you an itemized list of services and costs.

PRE-NEED FUNERAL PLANS

A pre-need funeral plan is an agreement in which a seller agrees to provide funeral services and merchandise at the time of the buyer's death. The seller may be a funeral home or a company that has contracted with one.

When considering a plan:

- Make sure the plan specifies exactly what merchandise and services you will receive. This is required by law.
- Ask if prices are fixed. By law, funeral directors must provide written price lists for all merchandise and services.
- If dealing with a company, ask to see a copy of its contract with the funeral home, or check with the home.

If you buy:

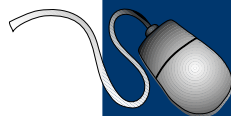
- Missouri law gives you the right to cancel a plan at any time, unless you give up that right at the time of sale.
- If you default on payments, you can recover any amount you paid into the plan, minus the first 20 percent of the purchase price, which the seller is allowed to keep.

Know the law on funeral costs

When a loved one dies, costly decisions must be made about a funeral. Here are some things you should know:

- Funeral providers must give you an itemized list of services and costs.
- Embalming is not required by law, except in special cases.
- You have the right to choose cremation or burial.
- A funeral provider can't refuse, or charge a fee, to handle a casket you bought elsewhere.
- A casket is not required for bodies cremated.

Internet fraud, privacy issues



USE A CREDIT OR CHARGE CARD

You will be in a better position should you need to dispute erroneous charges.

SHOPPING ONLINE

Shopping on the Internet may offer some bargains and conveniences, but there are dangers. To protect yourself while shopping:

- Use a secure browser. This software scrambles the purchase information you send. Most computers have a browser installed, or you can download one for free on the Internet.
- Safeguard personal information. Check the privacy policy of an Internet company before doing business.
- Shop with known companies. Ask unfamiliar companies to send a catalog or brochure. Also check refund and return policies.
- Keep your password private. Also, avoid using a phone number, birth date or part of your Social Security number for a password.
- Pay by credit or charge card. Your transaction will be protected under the Fair Credit Billing Act, which gives you the right to dispute charges under certain circumstances.
- Keep printed records of all transactions.

Many scams that con artists have promoted by phone and mail for years are now on the Internet. The most reported fraud are for work-at-home opportunities, travel offers, pyramid schemes, magazine sales and advance-fee loans. Along with these familiar schemes, there are new dangers.

ONLINE AUCTIONS

The No. 1 Internet complaint concerns online auctions. Like traditional auctions, the high bidder wins. But that is where the similarity ends — online auction houses don't hold the merchandise. The bidder deals directly with the seller who makes arrangements for payment and delivery. Some sellers, however, take the money without delivering. Or, the merchandise the bidder receives may not be what the seller represented it to be.

SHRED CHECKS

Don't toss convenience checks or pre-approved credit offers without shredding them.

Before you bid

- Verify the seller's identity. Some sellers may use a forged e-mail header, making it impossible to contact them.
- Ask about return policies. Returns may be difficult or impossible. Ask who pays for shipping.
- Ask to pay by credit card. If there is a problem, you can challenge the charges.
- Ask about using an escrow agent or paying c.o.d. if the seller does not take credit cards. Escrow agents (for a fee) hold the buyer's payment until the bid item is verified.

A NEW YOU: IDENTITY THEFT

Identity theft occurs when someone uses, without your knowledge, your name and personal information such as Social Security, credit-card and bank account numbers to commit fraud or theft.

Armed with this personal information, thieves can:

- Open new credit accounts using your personal information. When bills are not paid, it goes on your credit report.
- Call your credit-card issuer, pretending to be you, and change the mailing address on your credit-card account. The impostor then runs up charges on your account.
- Establish cellular phone service in your name.
- Open bank accounts and write bad checks.

What victims can do

- Contact the fraud department of the three national credit-reporting agencies. Request a "fraud alert" be placed on your file and no new credit granted without your approval.
- Contact the security departments of creditors and financial institutions where accounts have been fraudulently accessed or opened. Close these accounts and use passwords on new accounts you open.
- File a report with local police where the identity theft occurred and get a copy if proof is needed later.
- Contact the Federal Trade Commission. Although the FTC does not have authority to take legal action, it is the federal clearinghouse for complaints by victims of identity theft.



PROTECT NO. 1

For your protection, don't give out your Social Security number unless it is absolutely necessary.

The FTC provides information to help victims resolve problems caused by the theft:

Click:

www.consumer.gov/idtheft

or Call:

FTC's Identity Theft Hotline

Toll-free: 877-438-4338

TDD: 202-326-2502

REPORT FRAUD TO CREDIT BUREAUS

Monitoring your credit-card statements and credit report is the most important step you can take to safeguard your credit identity. A credit bureau is required to provide one free credit report during any 12-month period if you believe the report contains inaccurate information due to fraud.

The three national bureaus have toll-free numbers to report suspected fraud or obtain credit reports:

BUREAU	REPORT FRAUD	GET CREDIT REPORT
Experian	888-397-3742	888-397-3742
Trans Union	800-680-7289	800-916-8800
Equifax	800-525-6285	800-685-1111

How to protect yourself:

- Keep personal information private. Don't disclose your address, telephone and Social Security numbers or e-mail address unless you know who is collecting the information and how it will be used.
- Notify immediately your credit-card issuer or bank if your credit card or checkbook is missing.
- Check your monthly bank and credit-card statements for unauthorized purchases.
- Never reveal your password, even to your Internet service provider.
- Don't print your drivers license or Social Security number on personal checks.
- Don't toss convenience checks or pre-approved credit offers without shredding them.



HAMMER OUT A SOLUTION

First try to work out a problem with a company or individual before considering court action. It may save you time and money.

Consumers, take action

HOW TO HANDLE A COMPLAINT

When you have a complaint, first contact the business. Accurately describe the problem and what action you would like taken. Do you want your money back, a repair or exchange?

Keep a record of your efforts, including copies of all correspondence.

Complaint letter — what to say:

- Be brief.
- State your name, address, home or work phone number, and an account number if appropriate.
- Include date and place of purchase, who performed the service, product information (such as serial or model number and warranty terms).
- State the problem and how you want it corrected.
- Include copies (not originals) of all supporting documents.

If you paid with a credit card, write that company. It might be able to resolve your problem about shoddy or nondelivered merchandise.

If you are not satisfied with the results, file a formal complaint with the Attorney General's Office or your local Better Business Bureau.

You can get a complaint form from the Attorney General's Office by clicking at www.moago.org/complaint.htm or calling the Consumer Protection Hotline at 800-392-8222.

The BBB has offices in St. Louis (314-645-3300), Kansas City (816-421-7800) and Springfield (417-862-4222).

The BBB also offers a free consumer arbitration service to settle disputes between businesses and consumers.

As a last resort, you can file a lawsuit in small claims court or seek legal action in other courts. Consumers who have a claim for up to \$3,000 can, without hiring a lawyer, file suit to recoup their money in small claims court.

Sample complaint letter

Your name
Your address
Your city, state, zip code

Date

Contact person (if available)
Title (if available)
Company name
Company address
Company city, state, zip code

Replace the blue text with your own information.

Re: account number, if applicable

Dear Contact person:

On date, I bought/leased/rented/had repaired a product and model number at location. Unfortunately, I have not been satisfied because state problem. To resolve this problem, I would like your company to state action you want taken. Enclosed are copies of my records.

Do not send originals

I look forward to your prompt reply and a resolution to my complaint. You may contact me at the address listed above or by telephone at number with area code.

Thank you for your assistance and cooperation in this matter.

Sincerely,
Your signature
Your name

Enclosure(s) [Attach copies of all relevant records]

cc: List names of those receiving copies of this complaint letter if applicable

AVOID LATER PROBLEMS

Sign up for lists to reduce solicitations made to your home.

Decrease telemarketing calls, mail, e-mail, credit offers

TELEMARKETING CALLS

Missouri's No Call law prohibits telemarketers, with some exceptions, from calling households on the No Call list. A telemarketer violating the list faces a civil penalty of up to \$5,000 for each violation.

Register your home phone number for free by clicking on the Attorney General's Web site at www.moago.org or by calling toll-free 1-866-NOCALL1 (1-866-662-2551).

Telephone Preference Service lets you reduce calls from telemarketers registered with the Direct Marketing Association Telephone Preference Service for five years.

Send your request in writing to:

DMA Telephone Preference Service

PO Box 1559

Carmel, NY 10512

MAIL

Mail Preference Service lets you delete your name for five years from many direct mail lists. Send your request in writing to:

DMA Mail Preference Service

PO Box 643

Carmel, NY 10512

E-MAIL

E-mail Preference Service lets you remove your name from e-mail lists for one year. Register online at: www.e-mps.org

PRE-APPROVED CREDIT CARD OFFERS

Credit bureaus offer a toll-free number that allows you to "opt out" of having pre-approved credit offers sent to you for two years. Call:

1-888-5-OPTOUT(1-888-567-8688)

Agencies to contact for help

STATE AGENCIES

Division of Aging

800-235-5503

Provides information and assistance regarding services, programs and benefits for seniors.

Crime Victims Assistance Program

573-526-6006

800-347-6881

Provides information on Missouri's crime victims compensation and benefit program.

Division of Finance

573-751-3242

www.missouri-finance.org

Handles complaints about mortgage bankers, debt collection and harassment, credit bureaus, premium finance companies and state-chartered banks.

Department of Insurance, Consumer Affairs

Hot line: 800-726-7390

www.insurance.state.mo.us

Handles complaints regarding insurance companies and will verify credentials of insurance sales representatives.

Public Service Commission

800-392-4211

Manufactured housing hot line: 800-819-3180

www.psc.state.mo.us

Investigates complaints against public utilities and manufactured housing (such as mobile homes) defects.

Office of Chief Disciplinary Counsel (For attorneys)

573-635-7400

Processes grievances against attorneys in Missouri.

REPORT MISSING CREDIT CARD

Once you report your credit card is lost or stolen, you are not liable for unauthorized purchases.

LATE DELIVERY

If you do not get delivery of a mail or telephone order in the time period promised, you can cancel most orders.

Secretary of State

<http://mosl.sos.state.mo.us>

- **Securities, Investments:** 800-721-7996

Toll-free hot line handles complaints and inquiries about stockbrokers, broker-dealers and investments.

- **General inquiries:** 573-751-4153

Provides information on registrations of corporations, fictitious names and benevolent organizations.

FEDERAL AGENCIES

Americans with Disabilities Act Information Line

800-514-0301

TDD: 800-514-0383

www.usdoj.gov/crt/ada/adahom1.htm

Provides information on federal guidelines for the disabled.

Federal Trade Commission

Toll-free 877-FTC-HELP (877-382-4357)

TDD-TTY: 202-326-2502

www.ftc.gov

Federal authority set up to halt fraudulent or deceptive conduct and obtain redress for injured consumers.

(You also can click onto www.consumer.gov, a one-stop link to a broad range of federal information on consumer issues)

Federal Information Center

800-688-9889

Provides phone numbers and general information about federal agencies and programs.

Social Security Administration, Office of Public Inquiries

800-772-1213 (24 hours)

www.ssa.gov

Provides information on retirement, disability and dependents' and survivors' benefits.

U.S. Postal Inspection Service

Mail fraud complaint hot line: 800-372-8347

Mail fraud, other complaints: 314-539-9300

www.usps.com/postalinspectors

Law enforcement authority of the Postal Service investigates violations of federal statutes relating to Postal Service crimes.

PRIVATE AGENCIES

AARP

800-424-3410

www.aarp.org

Lobbies for and promotes programs and issues of interest to seniors.

Better Business Bureau

Handles consumer complaints throughout Missouri. Offers free mediation services for disputes between customers and businesses.

● **Kansas City:** 816-421-7800

www.kansascity.bbb.org

● **Springfield:** 417-862-4222

www.springfield-mo.bbb.org

● **St. Louis:** 314-645-3300

www.stlouis.bbb.org

Missouri Bar

573-635-4128

www.mobar.org

Provides free brochures to public on legal matters such as probate, wills, bankruptcy and finding legal help.

Missouri Bar Lawyer Referral Service

St. Louis: 314-621-6681

Kansas City: 816-221-9472

Greene County: 417-831-2783

Jefferson City: 573-635-4128

Provides lawyer referrals in your area. There is a fee.

National Consumers League

202-835-3323

Fraud Center: 800-876-7060 (report consumer fraud)

www.nclnet.org

The nonprofit advocacy group represents consumers on marketplace and workplace issues.

BBB Wise Giving Alliance

703-276-0100

www.give.org

Provides information on national nonprofit organizations.

www.moago.org

WARRANTY RIGHTS

Your warranty rights do not run out for problems you complained about and were not fixed properly during the warranty period.

NEGATIVE CREDIT REPORT

Adverse credit information generally can be reported for seven years; bankruptcies for 10 years.

Available brochures

CONSUMER GUIDES

- For general public
- For college students
- Know Your Rights guide covers current scams, life issues

The above guides include several of the following topics that are available in these free pamphlets:

CAR/HOME

- **All About Autos:** Car Repair, Lemon Law, Odometer Rollback, Used Cars
- Charitable Giving
- Door-to-Door Sales
- Home Repair Fraud
- Internet Fraud
- Lien Law
- Warranties

SOLICITATIONS/SALES

- Buying Tips
- Contest Cons
- Magazine Sales
- Slamming & Cramming
- Telemarketing Fraud
- The Real Deal: Shows kids how to be smart shoppers
- Travel Scams
- Vacation Timeshares

INVESTMENT

- Bank Examiner & Pigeon Drop Schemes
- Business Offers
- Home Equity Loans
- Investment Scams
- Pyramid (get-rich-quick) Schemes

HEALTH

- Health & Fitness Clubs
- Hearing Aids
- **Insurance Coverage:** Detecting Fraud, Long-term Care Insurance, Medicare Supplemental Insurance Fraud
- Pre-need Funeral Plans

LEGAL/BUSINESS

- Credit Repair Scams
- Crime Victims' Rights
- Gambling, Lotteries, Raffles
- Going-out-of-Business Sales
- Protecting Victims of Domestic Violence
- Rules for Advertising: Code of State Regulations
- The Court Process: How the criminal justice system works
- The Sunshine Law: State's Open Meetings and Records Law

HANDLING COMPLAINTS

- Consumers, Take Action

**TO GET
A FREE
COPY**



CLICK

AGOnline:
**www.
moago.org**
(Most
booklets
are
available
online)



OR CALL

Consumer
Protection
Hotline:
**800-392-
8222**

Visit **AGO**online

- Reduce telemarketing calls by signing up for the No Call list.
- File a complaint against a telemarketer violating the No Call Law.
- File a consumer complaint against someone who has defrauded you.
- Get consumer publications.
- Read lawsuits filed by the office.
- View news releases.
- Learn more about the Attorney General's Office.



www.moago.org

**To file a consumer complaint or
get more information,
visit the Attorney General's Web site
or call toll-free:**

Click www.moago.org *or* Call 800-392-8222

CONSUMER GUIDE

FROM ATTORNEY GENERAL
JEREMIAH W. (JAY) NIXON



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